

**CABINET FOR HUMAN RESOURCES
COMMUNITY MENTAL HEALTH-MENTAL RETARDATION
REIMBURSEMENT MANUAL**

PART IV

ANNUAL COST REPORT INSTRUCTIONS

Cabinet for Human Resources
275 East Main Street
Frankfort, Kentucky 40621

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INTRODUCTION

INTRODUCTION

These instructions are intended to guide vendors in preparing the annual cost report. These forms shall be used by all participating community mental health/mental retardation agencies for cost reporting periods beginning on or after July 1, 1991. Some schedules are not required for all vendors and these need not be completed. However, the entire cost report shall be submitted to the Department. Schedules which do not apply shall be marked accordingly, and a brief explanation as to why these are not needed shall be annotated on the appropriate schedules.

In completing the schedules the period beginning and period ending, the vendor name, identification number and address shall be indicated on the cover page. In addition, the vendor name, the vendor identification number and the period ending shall be indicated on each page. Facilities shall submit a cost report prepared on the accrual basis of accounting and otherwise consistent with generally accepted accounting principles.

Also, in completing the schedules, reductions to expenses shall always be shown in brackets.

SCHEDULE A - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
STATISTICAL AND OTHER DATA

SCHEDULE A - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
STATISTICAL AND OTHER DATA

A. General --

Item 1 - CMH/MR Agency Information -- Enter the requested information in the space provided. Include the name of the agency and the vendor number. Enter the beginning and ending dates of the period covered by this cost report.

B. Statistics --

Columns 1, 2 and 3. Enter in Column 1, the number of Medicaid visits/units for each service on lines 10 through 21. Enter in Column 2, the number of the total agency visits/units for each service on lines 10 through 21. Enter in Column 3, the total costs for each service on lines 10 through 21. The total cost amounts for each service are obtained from Schedule C-1, Column 9 lines 10 through 21.

SCHEDULE B - OPERATING EXPENSES

SCHEDULE B - OPERATING EXPENSES

On Schedule B, the provider will provide the Program with a breakdown of all Salary and Other (non-salary) Expenses in Columns 1 and 2. Salary and Other Expenses are totaled in Column 3. Adjustments may be necessary for submitted cost to comply with general policy and principles. Column 4 is used to summarize these adjustments by cost center, with the supporting detail listed on Schedule B-1, Reclassifications of expenses summarized by cost center are listed in Column 5, having been brought forward from Schedule B-2 where they are listed in detail.

A. GENERAL SERVICES

Overhead expenses are listed under the General Services grouping of cost centers include Plant Expense (such as: depreciation, interest, repair and maintenance, plant insurance, housekeeping, property taxes and utilities other than telephone), Employee Benefits (such as: life insurance, health insurance, employer's share of payroll taxes, unemployment insurance, tuition assistance and workers compensation insurance), Administrative and General (such as: telephone, administrative salaries, office supplies, postage, advertising, general liability insurance, fidelity bond insurance, licenses, accounting fees, attorney fees and director's fees), Non-client transportation (such as: vehicle rental, interest relating to vehicles), and Medical Records (such as: medical records salaries and other expenses which pertain directly to medical records).

SCHEDULE B - OPERATING EXPENSES

B. DIRECT SERVICE

The direct costs of providing each of the direct services including non-reimbursable are to be listed on Lines 10 through 29. Overhead Service costs which have been directly assigned or functionally allocated during the normal accounting cycle will appear in Columns 1 and 2 along with the direct cost of providing the service. General Service expenses which are functionally allocated only for purposes of preparing the cost report will be reclassified to the appropriate Direct Service cost center on Schedule B-2 and summarized as a part of the reclassification in Column 5 of Schedule B. Overhead costs which have not been directly or functionally allocated will remain in the General Services cost centers on Schedule B and will be allocated to the various Direct Service cost centers and Non-reimbursable cost centers on Schedule C-1.

SCHEDULE B-1- ADJUSTMENTS TO EXPENSE

SCHEDULE B-1

The schedule provides the detail to the adjustment summaries listed on Schedule B, Column 4. These adjustments are to be made on the basis of allowable "cost" or "amount received" which represents a recovery of expense. The provider will identify the basis for the adjustment by entering in Column 2 "A" for cost or "B" for amount received. Line descriptions on Lines 1 through 9 indicate the more common activities which affect allowable cost, or result in costs incurred for reasons other than patient care and, thus, require adjustments.

Where an adjustment to an expense affects more than one (1) cost center, the adjustments to expense shall reflect the adjustment to each cost center on a separate line Schedule B-1.

Types of items to be entered on Schedule B-1 are:

- (1) those needed to adjust expenses to reflect actual expenses incurred;
- (2) those items which constitute recovery of expenses through sales, charges to non patients, refunds of expense, restricted general service grants, gifts, etc.;
- (3) those items needed to adjust expenses in accordance with Medicaid principles of reimbursement;
- and (4) those items which are provided for separately in the cost apportionment process.

SCHEDULE B-1 - ADJUSTMENTS TO EXPENSE

Column 1: Description of Adjustment

Line 1 - Trade, Quantity, Time and Other Discounts on Purchases.

Line 2 - Rebates and Refunds of Expenses.

Line 3 - Adjustments Resulting from Transactions with Related Organizations -
Transaction with related parties shall be reduced to the cost of the
related party.

Line 4 - Sale of Medical Records and Abstracts - Enter the amount received from
the sale of medical records and abstracts and offset amount against the
applicable cost center.

Line 5 - Income from the Imposition of Interest, Finance or Penalty Charges -
Enter on this line the amount received from the imposition of interest,
finance or penalty charges on overdue receivables. This income shall
be used to offset the applicable cost centers.

Line 6 - Sale of Medical and Surgical Supplies to Other than Patients.

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SCHEDULE B-1 - ADJUSTMENTS TO EXPENSE

Line 8 - Offset of Investment Income against Interest Expense.

Line 9 - Lobbying Expense.

Lines 10-28 - Enter on these line any additional adjustments to submitted cost to comply with Medicaid principles of reimbursement.

Column 2: On each line enter an "A" if the amount in Column 3 is actual cost or a "8" if the amount in Column 3 is based on revenue received for the item in Column 1.

Column 3: On each line indicate the amount to be adjusted.

Column 4: Indicate the line number on Schedule B that is to be adjusted.

These adjustments will be summarized on Schedule B, Column 4.

SCHEDULE B-Z - RECLASSIFICATIONS TO EXPENSE

SCHEDULE B-Z - RECLASSIFICATIONS TO EXPENSE

This schedule provides for the reclassification of cost to effect proper cost allocation under cost finding. The following are some examples of costs which shall be reclassified.

- A. Licenses and Taxes (other than income taxes) - This expense consists of the business license expense and tax expense incidental to the operation of the agency. These expenses shall be included in the Administrative and General (A & G) cost centers, Schedule B, Line 3.
- B. Interest - Short-term interest expense relates to borrowings for agency operations. The full amount of this cost shall be reclassified to A & G, Schedule B, Line 3.
- C. Insurance - Insurance not directly related to plant expense shall be reclassified to A & G, Schedule B, line 3. Other insurance expense may be reclassified directly (e.g., malpractice insurance) to the applicable cost centers only when the insurance policy specifically and separately identifies the premium for each cost center involved.

SCHEDULE B-Z - RECLASSIFICATIONS TO EXPENSE

- D. Leases - This expense consists of all rental costs of buildings and equipment incidental to the operation of the facility. Any lease which cannot be identified to a specific cost center and is incidental to the general overall operation of the agency shall be included in the A & G cost center. Schedule B, Line 3.
- E. Functional Allocation - A provider may functionally allocate overhead cost to each cost center on a functional basis, provided that the functional allocation bears a direct relationship to the cost centers involved. All overhead costs that cannot be directly assigned or functionally allocated will be allocated via Schedules C and C-1.

SCHEDULE C, C-1 - COST ALLOCATION STATISTICS AND COST ALLOCATION

SCHEDULES C AND C-1 - COST ALLOCATION STATISTICS AND COST ALLOCATIONS

Schedules C and C-1 provide for simplified cost finding. All general service costs (overhead cost) that cannot be directly assigned or functionally allocated shall be allocated to the direct service and non-reimbursable cost centers using the simplified cost finding methodology on Schedules C and C-1.

Schedule C: This schedule is used to provide the statistics necessary for the allocation of general service costs among the service areas on Schedule C-1.

Column 1: Enter in Column 1, the total square feet of the building and fixtures applicable to the cost center to which plant expense shall be allocated on Lines 10 through 29.

Line 30 is the total of Lines 10 through 29.

Line 31 will contain the total from Line 1, Column 6 from Schedule B.

Line 32; the Unit Cost Multiplier amounts on Line 32 are obtained by dividing the amounts on Line 31 by the amounts on Line 30.

SCHEDULE C, C-1 - COST ALLOCATION STATISTICS AND COST ALLOCATION

Column 2: Enter in Column 2, the gross salaries for each cost center on Lines 10 through 29.

Line 30 is the total of Lines 10 through 29.

Line 31 will contain the total from Line 2, Column 6 from Schedule B.

Line 32; the Unit Cost Multiplier amounts on Line 32 are obtained by dividing the amounts on Line 31 by the amounts on Line 30.

Column 3: Enter in column 3, the mileage for each cost center on Lines 10 through 29.

Line 30 is the total of Lines 10 through 29.

Line 31 will contain the total from Line 4, Column 6 from Schedule B.

Line 32; the Unit Cost Multiplier amounts on Line 32 are obtained by dividing the amounts on Line 31 by the amounts on Line 30.

Columns 4 and 5: The statistics for Columns 4 and 5 are obtained from Column 5 of Schedule C-1. The statistics in column 4 of Schedule C will not be filled in for any cost center that should not receive an allocation of Medical Records cost.

Line 30, Columns 4 and 5 is the total of Lines 10 through 29.

Line 31, Column 4 will contain the total from Line 6, Column 6 from Schedule B.

Line 31, Column 5 will contain the total from Column 6, of all remaining cost centers on Schedule B.

Line 32 Columns 4 and 5; the Unit Cost Multiplier amounts on Line 32 are obtained by dividing the amounts on Line 31 by the amounts on Line 30.

SCHEDULE C, C-1 - COST ALLOCATION STATISTICS AND COST ALLOCATION

SCHEDULE C-1: COST ALLOCATION

Column 1: Enter the direct costs associated with the services listed on lines 10 through 29, Column 6, Schedule B.

Columns 2, 3, and 4: Multiply the Unit Cost Multiplier on Schedule C by the detail on Schedule C. The products shall be entered on the corresponding Lines on C-1, Column 2, 3, and 4.

Column 5: The sum of Columns 1, 2, 3, and 4.

Column 6: Multiply the Unit Cost Multiplier on Schedule C, Column 4, by the detail on Schedule C, Column 4.

Column 7: Multiply the Unit Cost Multiplier on Schedule C, Column 5, by the detail on Schedule C, Column 5.

Column 8: Restricted Program Grant Offset.

Column 9: The sum of Columns 5, 6, 7, and 8.

Total costs in Column 9 are carried forward to Column 3 of Schedule A.

SCHEDULE D - STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATION

SCHEDULE D - STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATIONS

- A. Section A is provided to show whether any of the cost to be reimbursed by the Medicaid Program includes any transaction for services, facilities, and supplies furnished to the vendor by organizations related to the vendor by common ownership or control. Section A shall be completed by all vendors.
- B. Section B is provided to show the total compensation paid for the period for corporate officers of the CMH/MR Agency. Compensation is defined as the total benefit received (or receivable) for the services he rendered to the institution. It includes salary amount paid for managerial, administrative, professional and other services; amounts paid by the agency for the personal benefit of corporate officers; and the cost of the assets and services which corporate officers receive from the agency and deferred compensation. List each administrator or assistant administrator who has been employed during the fiscal period. List the name, title, percent of customary work week devoted to business, percent of the fiscal period employed, and total compensation for the period.

SCHEDULE D - STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATION

- C. Section C - Certification by Officer or Director of the Agency. This form shall be read and signed by an officer or director of the CMH/MR. Sections 1877 (a) (1) of the Social Security Act state that, "Whoever knowingly and willfully makes or causes to be made any false statement or misrepresentation, concealment, failure or conversion by any person in connection with the furnishing (by that person) of items or services for which payment is or may be made under this title, be guilty of a felony and upon conviction thereof fined not more than \$25,000 or imprisoned for not more than 5 years, or both, or (ii) in the case of such statement, representation, concealment, failure or conviction by any other person, be guilty of a misdemeanor and upon conviction thereof fined not more than \$10,000 or imprisoned for not more than 1 year or both."

SCHEDULE H - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
STATISTICAL AND OTHER DATA

SCHEDULES H THROUGH J-1 PROVIDE A BREAKDOWN BY SERVICE OF THE MENTAL HEALTH/MENTAL RETARDATION COST SUBMITTED ON SCHEDULES B THROUGH D.

SCHEDULE H - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
STATISTICAL AND OTHER DATA

- A. MH/MR Agency Information -- Enter the requested information in the space provided. Include the name of the agency and the vendor number. Enter the beginning and ending dates of the period covered by this cost report.
- B. Statistics -- Columns 1 and 2. Enter in column 1, the number of the total agency visits/units for each service on lines 1 through 26. Enter in column 2, the total costs for each service on lines 1 through 26. The total cost amounts for each service are obtained from Schedule J-1 Column 9.

**SCHEDULE I - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
OPERATING EXPENSES**

SCHEDULE I - MENTAL HEALTH/MENTAL RETARDATION - OPERATING EXPENSES

On Schedule I, the provider will provide the Program with a breakdown of all Direct Salary and Other (non-salary) Expenses in Columns 1 and 2. Salary and Other Expenses are totaled in Column 3. Adjustments may be necessary for submitted cost to comply with general policy and principles. Column 4 is used to summarize these adjustments by service, with the supporting detail listed on Schedule I-1.

Reclassifications of expenses summarized by service are listed in Column 5, having been brought forward from Schedule I-2 where they are listed in detail.

DIRECT SERVICE

The direct costs of providing each of the direct services is to be listed on Lines 1 through 40. Overhead service costs which have been directly assigned or functionally allocated during the normal accounting cycle will appear in Columns 1 and 2 along with the direct cost of providing the service. Overhead service expenses which are functionally allocated only for purposes of preparing the cost report will be reclassified to the Mental Health/Mental Retardation cost center on Schedule B-2 in total. This total will then be allocated to the appropriate Direct Service cost center on Schedule I-2 and summarized as a part of the reclassification in Column 5 of Schedule I. The totals submitted on Schedule I shall agree with the

SCHEDULE I - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
OPERATING EXPENSES

totals submitted for Mental Health/Mental Retardation on Schedule B Line 22.
Overhead costs which have not been directly or functionally allocated shall be allocated to the Mental Health/Mental Retardation cost center in total on Schedule C-1 and shall be allocated to the various Direct Service cost centers and non-Reimbursable cost centers of Mental Health/Mental Retardation on Schedule J-1.

**SCHEDULE I-1 - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
ADJUSTMENTS TO EXPENSE**

SCHEDULE I-1 - ADJUSTMENTS TO EXPENSE

This schedule provides the detail to the adjustment summaries listed on Schedule I, Column 4. These adjustments are to be made on the basis of allowable "cost" or "amount received" which represents a recovery of expense. The provider will identify the basis for the adjustment by entering in Column 2 "A" for cost or "B" for amount received. Line description on Lines 1 through 9 indicate the more common activities which affect allowable cost, or result in costs incurred for reasons other than patient care and, thus, require adjustments.

Where an adjustment to an expense affects more than one (1) cost center, the adjustments to expense shall reflect the adjustment to each cost center on a separate line on Schedule I-1.

Types of items to be entered on Schedule I-1 are:

1. those needed to adjust expenses to reflect actual expenses incurred;
2. those items which constitute recovery of expenses through sales, charges to non patients, refunds of expense, restricted general service grants, gifts, etc.;
3. those items needed to adjust expenses in accordance with Department for Mental Health and Mental Retardation principles of reimbursement; and
4. those items which are provided for separately in the cost apportionment process.

SCHEDULE I-1 - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
ADJUSTMENTS TO EXPENSE

Column 1: Description of Adjustment.

Line 1 - Trade, Quantity, Time and Other Discounts on Purchases.

Line 2 - Rebates and Refunds of Expenses.

Line 3 - Adjustments Resulting from Transactions with Related Organizations
- Transactions with related parties shall be reduced to the cost of the related party.

Line 4 - Sale of Medical Records and Abstracts - Enter the amount received from the sale of medical records and abstracts and offset amount against the applicable cost center.

Line 5 - Income from the Imposition of Interest, Finance or Penalty Charges
- Enter on this line the amount received from the imposition of interest, finance or penalty charges on overdue receivables. This income shall be used to offset the applicable cost centers.

Line 6 - Sale of Medical and Surgical Supplies to Other than Patients.

Line 7 - Sale of Drugs to Other than Patients

Line 8 - Offset of Investment Income against Interest Expense

Line 9 - Lobbying Expense.

Lines 10-28 - Enter on these lines any additional adjustments to submitted costs to comply with Department for Mental Health and Mental Retardation principles of reimbursement.

SCHEDULE I-1 - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
ADJUSTMENTS TO EXPENSE

Column 2: On each line enter an "A" if the amount in Column 3 is actual cost or a "B" if the amount in Column 3 is based on revenue received for the item in Column 1.

Column 3: On each line indicate the amount to be adjusted.

Column 4: Indicate the line number on Schedule I that is to be adjusted.

MENTAL HEALTH / MENTAL RETARDATION
COMMUNITY MENTAL HEALTH PROGRAM
SCHEDULE I

ADJUSTMENT AND RECLASSIFICATION OF EXPENSES

VENDOR NAME _____ VENDOR NUMBER _____ PERIOD _____
ENDING _____

		SALARIES	OTHER	SUB TOTAL	ADJUST- MENT	RECLASSI- FICATION	TOTAL
		1	2	3	4	5	6
DIRECT SERVICE:							
1.	_____						
2.	_____						
3.	_____						
4.	_____						
5.	_____						
6.	_____						
7.	_____						
8.	_____						
9.	_____						
10.	_____						
11.	_____						
12.	_____						
13.	_____						
14.	_____						
15.	_____						
16.	_____						
17.	_____						
18.	_____						
19.	_____						
20.	_____						
21.	_____						
22.	_____						
23.	_____						
24.	_____						
25.	_____						
26.	_____						
Non-Reimbursable Cost Centers							
27.	_____						
28.	_____						
29.	_____						
30.	_____						
31.	_____						
32.	_____						
33.	_____						
34.	_____						
35.	_____						
36.	_____						
37.	_____						
38.	_____						
39.	_____						
40.	_____						

**MENTAL HEALTH / MENTAL RETARDATION
COMMUNITY MENTAL HEALTH PROGRAM
SCHEDULE I-I**

ADJUSTMENTS TO EXPENSE

VENDOR NAME: _____

VENDOR NUMBER: _____

PERIOD ENDING: _____

1	2	3	4
DESCRIPTION	A/B	INC / <DEC>	SCH. I LINE #
1. TRADE, QUANTITY, TIME AND OTHER DISCOUNTS ON PURCHASES			
2. REBATES AND REFUNDS OF EXPENSES			
3. ADJUSTMENTS RESULTING FROM TRANSACTIONS WITH RELATED ORGANIZATIONS (Reduced to cost)			
4. SALE OF MEDICAL RECORDS AND ABSTRACTS			
5. INCOME FROM IMPOSITION OF INTEREST, FINANCE OR PENALTY CHARGES.			
6. SALE OF MEDICAL AND SURGICAL SUPPLIES TO OTHER THAN PATIENTS			
7. SALE OF DRUGS TO OTHER THAN PATIENTS			
8. OFFSET OF INVESTMENT INCOME			
9. LOBBYING EXPENSE			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.			
22.			
23.			
24.			
25.			
26.			
27.			
28.			

TOTAL (TRANSFER TO SCHEDULE I, COLUMN 21)

COLUMN 2. (A) COST (B) REVENUE

RECLASSIFICATION TO EXPENSE

VENDOR NAME: _____ VENDOR NUMBER: _____

PERIOD ENDING: _____

[illegible]

MENTAL HEALTH / MENTAL RETARDATION
COMMUNITY MENTAL HEALTH PROGRAM
SCHEDULE J

COST ALLOCATION STATISTICS

VENDOR NAME: _____ VENDOR NUMBER: _____ PERIOD ENDING: _____

	SQUARE FOOTAGE	SALARIES	MILEAGE	ACCUMULATED COST	ACCUMULATED COST
DIRECT SERVICE:	1	2	3	4	5
1. _____					
2. _____					
3. _____					
4. _____					
5. _____					
6. _____					
7. _____					
8. _____					
9. _____					
10. _____					
11. _____					
12. _____					
13. _____					
14. _____					
15. _____					
16. _____					
17. _____					
18. _____					
19. _____					
20. _____					
21. _____					
22. _____					
23. _____					
24. _____					
25. _____					
26. _____					
Non-Reimbursable Cost Centers:					
27. _____					
28. _____					
29. _____					
30. _____					
31. _____					
32. _____					
33. _____					
34. _____					
35. _____					
36. _____					
37. _____					
38. _____					
39. _____					
40. _____					
41. TOTAL					

Page 1

PERIOD ENDING:

continued on next page

TRANSMITTAL #33 06/01/70

**MENTAL HEALTH / MENT RETARDATION
COMMUNITY MENTAL HEALTH PROGRAM
SCHEDULE J-1 (continued)
COST ALLOCATION**

VENDOR NAME: _____

VENDOR NUMBER: _____

PERIOD ENDING: _____

DIRECT EXPENSE 1	PLANT EXPENSE 2	EMPLOYEE BENEFITS 3	PATIENT TRANS. 4	SUB TOTAL 5	MEDICAL RECORDS 6	OTHER GEN. SERVICE COSTS 7	GRANTS OFFSET 8	TOTAL ALLOWABLE COSTS 9
21.								
22.								
23.								
24.								
25.								
26.								
Non-Reimbursable Cost Centers:								
27.								
28.								
29.								
30.								
31.								
32.								
33.								
34.								
35.								
36.								
37.								
38.								
39.								
40.								
41. TOTAL								

TRANSMITTAL #33

04/01/92

**CABINET FOR HUMAN RESOURCES
COMMUNITY MENTAL HEALTH-MENTAL RETARDATION
REIMBURSEMENT MANUAL**

PART IV

ANNUAL COST REPORT INSTRUCTIONS

Cabinet for Human Resources
275 East Main Street
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INTRODUCTION

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Also, in completing the schedules, reductions to expenses shall always be shown in brackets.

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STATISTICAL AND OTHER DATA**

**SCHEDULE A - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
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Item 1 - CMH/MR Agency Information -- Enter the requested information in the space provided. Include the name of the agency and the vendor number.

Enter the beginning and ending dates of the period covered by this cost report.

B. Statistics --

Columns 1, 2 and 3. Enter in Column 1, the number of Medicaid visits/units for each service on lines 10 through 21. Enter in Column 2, the number of the total agency visits/units for each service on lines 10 through 21.

Enter in Column 3, the total costs for each service on lines 10 through 21.

The total cost amounts for each service are obtained from Schedule C-1, Column 9 lines 10 through 21.

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SCHEDULE B - OPERATING EXPENSES

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SCHEDULE B-1 - ADJUSTMENTS TO EXPENSE

SCHEDULE B-1

The schedule provides the detail to the adjustment summaries listed on Schedule B, Column 4. These adjustments are to be made on the basis of allowable "cost" or "amount received" which represents a recovery of expense. The provider will identify the basis for the adjustment by entering in Column 2 "A" for cost or "B" for amount received. Line descriptions on Lines 1 through 9 indicate the more common activities which affect allowable cost, or result in costs incurred for reasons other than patient care and, thus, require adjustments.

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SCHEDULE B-1 - ADJUSTMENTS TO EXPENSE

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Line 3 - Adjustments Resulting from Transactions with Related Organizations -
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related party.

Line 4 - Sale of Medical Records and Abstracts - Enter the amount received from
the sale of medical records and abstracts and offset amount against the
applicable cost center.

Line 5 - Income from the Imposition of Interest, Finance or Penalty Charges -
Enter on this line the amount received from the imposition of interest,
finance or penalty charges on overdue receivables. This income shall
be used to offset the applicable cost centers.

Line 6 - Sale of Medical and Surgical Supplies to Other than Patients.

Line 7 - Sale of Drugs to Other than Patients.

SCHEDULE B-1 - ADJUSTMENTS TO EXPENSE

Line 8 - Offset of Investment Income against Interest Expense.

Line 9 - Lobbying Expense.

Lines 10-28 - Enter on these line any additional adjustments to submitted cost to comply with Medicaid principles of reimbursement.

Column 2: On each line enter an "A" if the amount in Column 3 is actual cost or a "B" if the amount in Column 3 is based on revenue received for the item in Column 1.

Column 3: On each line indicate the amount to be adjusted.

A

Column 4: Indicate the line number on Schedule B that is to be adjusted.

These adjustments will be summarized on Schedule B, Column 4.

SCHEDULE B-Z - RECLASSIFICATIONS TO EXPENSE

SCHEDULE B-Z - RECLASSIFICATIONS TO EXPENSE

This schedule provides for the reclassification of cost to effect proper cost allocation under cost finding. The following are some examples of costs which shall be reclassified.

- A. Licenses and Taxes (other than income taxes) - This expense consists of the business license expense and tax expense incidental to the operation of the agency. These expenses shall be included in the Administrative and General (A & G) cost centers, Schedule B, Line 3.
- B. Interest - Short-term interest expense relates to borrowings for agency operations. The full amount of this cost shall be reclassified to A & G, Schedule B, Line 3.
- C. Insurance - Insurance not directly related to plant expense shall be reclassified to A & G, Schedule B, line 3. Other insurance expense may be reclassified directly (e.g., malpractice insurance) to the applicable cost centers only when the insurance policy specifically and separately identifies the premium for each cost center involved.

SCHEDULE B-Z - RECLASSIFICATIONS TO EXPENSE

- D. Leases - This expense consists of all rental costs of buildings and equipment incidental to the operation of the facility. Any lease which cannot be identified to a specific cost center and is incidental to the general overall operation of the agency shall be included in the A & G cost center, Schedule B, Line 3.
- E. Functional Allocation - A provider may functionally allocate overhead cost to each cost center on a functional basis, provided that the functional allocation bears a direct relationship to the cost centers involved. All overhead costs that cannot be directly assigned or functionally allocated will be allocated via Schedules C and C-1.

SCHEDULE C, C-1 - COST ALLOCATION STATISTICS AND COST ALLOCATION

SCHEDULES C AND C-1 - COST ALLOCATION STATISTICS AND COST ALLOCATIONS

Schedules C and C-1 provide for simplified cost finding. All general service costs (overhead cost) that cannot be directly assigned or functionally allocated shall be allocated to the direct service and non-reimbursable cost centers using the simplified cost finding methodology on Schedules C and C-1.

Schedule C: This schedule is used to provide the statistics necessary for the allocation of general service costs among the service areas on Schedule C-1.

Column 1: Enter in Column 1, the total square feet of the building and fixtures applicable to the cost center to which plant expense shall be allocated on Lines 10 through 29.

Line 30 is the total of Lines 10 through 29.

Line 31 will contain the total from Line 1, Column 6 from Schedule B.

Line 32; the Unit Cost Multiplier amounts on Line 32 are obtained by dividing the amounts on Line 31 by the amounts on Line 30.

SCHEDULE C, C-1 - COST ALLOCATION STATISTICS AND COST ALLOCATION

Column 2: Enter in Column 2, the gross salaries for each cost center on Lines 10 through 29.

Line 30 is the total of Lines 10 through 29.

Line 31 will contain the total from Line 2, Column 6 from Schedule B.

Line 32; the Unit Cost Multiplier amounts on Line 32 are obtained by dividing the amounts on Line 31 by the amounts on Line 30.

Column 3: Enter in column 3, the mileage for each cost center on Lines 10 through 29.

Line 30 is the total of Lines 10 through 29.

Line 31 will contain the total from Line 4, Column 6 from Schedule B.

Line 32; the Unit Cost Multiplier amounts on Line 32 are obtained by dividing the amounts on Line 31 by the amounts on Line 30.

Columns 4 and 5: The statistics for Columns 4 and 5 are obtained from Column 5 of Schedule C-1. The statistics in column 4 of Schedule C will not be filled in for any cost center that should not receive an allocation of Medical Records cost.

Line 30, Columns 4 and 5 is the total of Lines 10 through 29.

Line 31, Column 4 will contain the total from Line 6, Column 6 from Schedule B.

Line 31, Column 5 will contain the total from Column 6, of all remaining cost centers on Schedule B.

Line 32 Columns 4 and 5; the Unit Cost Multiplier amounts on Line 32 are obtained by dividing the amounts on Line 31 by the amounts on Line 30.

SCHEDULE C, C-1 - COST ALLOCATION STATISTICS AND COST ALLOCATION

SCHEDULE C-1: COST ALLOCATION

Column 1: Enter the direct costs associated with the services listed on lines 10 through 29, Column 6, Schedule B.

Columns 2, 3, and 4: Multiply the Unit Cost Multiplier on Schedule C by the detail on Schedule C. The products shall be entered on the corresponding Lines on C-1, Column 2, 3, and 4.

Column 5: The sum of Columns 1, 2, 3, and 4.

Column 6: Multiply the Unit Cost Multiplier on Schedule C, Column 4, by the detail on Schedule C, Column 4.

Column 7: Multiply the Unit Cost Multiplier on Schedule C, Column 5, by the detail on Schedule C, Column 5.

Column 8: Restricted Program Grant Offset.

Column 9: The sum of Columns 5, 6, 7, and 8.

Total costs in Column 9 are carried forward to Column 3 of Schedule A.

SCHEDULE D - STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATION

SCHEDULE D - STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATIONS

- A. Section A is provided to show whether any of the cost to be reimbursed by the Medicaid Program includes any transaction for services, facilities, and supplies furnished to the vendor by organizations related to the vendor by common ownership or control. Section A shall be completed by all vendors.
- B. Section B is provided to show the total compensation paid for the period for corporate officers of the CMH/MR Agency. Compensation is defined as the total benefit received (or receivable) for the services he rendered to the institution. It includes salary amount paid for managerial, administrative, professional and other services; amounts paid by the agency for the personal benefit of corporate officers; and the cost of the assets and services which corporate officers receive from the agency and deferred compensation. List each administrator or assistant administrator who has been employed during the fiscal period. List the name, title, percent of customary work week devoted to business, percent of the fiscal period employed, and total compensation for the period.

SCHEDULE D - STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATION

C. Section C - Certification by Officer or Director of the Agency. This form shall be read and signed by an officer or director of the CMH/MR. Sections 1877 (a) (1) of the Social Security Act state that, "Whoever knowingly and willfully makes or causes to be made any false statement or misrepresentation, concealment, failure or conversion by any person in connection with the furnishing (by that person) of items or services for which payment is or may be made under this title, be guilty of a felony and upon conviction thereof fined not more than \$25,000 or imprisoned for not more than 5 years, or both, or (ii) in the case of such statement, representation, concealment, failure or conviction by any other person, be guilty of a misdemeanor and upon conviction thereof fined not more than \$10,000 or imprisoned for not more than 1 year or both."

SCHEDULE H - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
STATISTICAL AND OTHER DATA

SCHEDULES H THROUGH J-1 PROVIDE A BREAKDOWN BY SERVICE OF THE MENTAL HEALTH/MENTAL RETARDATION COST SUBMITTED ON SCHEDULES B THROUGH D.

SCHEDULE H - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
STATISTICAL AND OTHER DATA

- A. MH/MR Agency Information -- Enter the requested information in the space provided. Include the name of the agency and the vendor number. Enter the beginning and ending dates of the period covered by this cost report.
- B. Statistics -- Columns 1 and 2. Enter in column 1, the number of the total agency visits/units for each service on lines 1 through 26. Enter in column 2, the total costs for each service on lines 1 through 26. The total cost amounts for each service are obtained from Schedule J-1 Column 9.

**SCHEDULE I - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
OPERATING EXPENSES**

SCHEDULE I - MENTAL HEALTH/MENTAL RETARDATION - OPERATING EXPENSES

On Schedule I, the provider will provide the Program with a breakdown of all Direct Salary and Other (non-salary) Expenses in Columns 1 and 2. Salary and Other Expenses are totaled in Column 3. Adjustments may be necessary for submitted cost to comply with general policy and principles. Column 4 is used to summarize these adjustments by service, with the supporting detail listed on Schedule I-1. Reclassifications of expenses summarized by service are listed in Column 5, having been brought forward from Schedule I-2 where they are listed in detail.

DIRECT SERVICE

The direct costs of providing each of the direct services is to be listed on Lines 1 through 40. Overhead service costs which have been directly assigned or functionally allocated during the normal accounting cycle will appear in Columns 1 and 2 along with the direct cost of providing the service. Overhead service expenses which are functionally allocated only for purposes of preparing the cost report will be reclassified to the Mental Health/Mental Retardation cost center on Schedule B-2 in total. This total will then be allocated to the appropriate Direct Service cost center on Schedule I-2 and summarized as a part of the reclassification in Column 5 of Schedule I. The totals submitted on Schedule I shall agree with the

SCHEDULE I - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
OPERATING EXPENSES

totals submitted for Mental Health/Mental Retardation on Schedule B Line 22.
Overhead costs which have not been directly or functionally allocated shall be allocated to the Mental Health/Mental Retardation cost center in total on Schedule C-1 and shall be allocated to the various Direct Service cost centers and non-Reimbursable cost centers of Mental Health/Mental Retardation on Schedule J-1.

SCHEDULE I-1 - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
ADJUSTMENTS TO EXPENSE

SCHEDULE I-1 - ADJUSTMENTS TO EXPENSE

This schedule provides the detail to the adjustment summaries listed on Schedule I, Column 4. These adjustments are to be made on the basis of allowable "cost" or "amount received" which represents a recovery of expense. The provider will identify the basis for the adjustment by entering in Column 2 "A" for cost or "B" for amount received. Line description on Lines 1 through 9 indicate the more common activities which affect allowable cost, or result in costs incurred for reasons other than patient care and, thus, require adjustments.

Where an adjustment to an expense affects more than one (1) cost center, the adjustments to expense shall reflect the adjustment to each cost center on a separate line on Schedule I-1.

Types of items to be entered on Schedule I-1 are:

1. those needed to adjust expenses to reflect actual expenses incurred;
2. those items which constitute recovery of expenses through sales, charges to non patients, refunds of expense, restricted general service grants, gifts, etc.;
3. those items needed to adjust expenses in accordance with Department for Mental Health and Mental Retardation principles of reimbursement; and
4. those items which are provided for separately in the cost apportionment process.

SCHEDULE 1-1 - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
ADJUSTMENTS TO EXPENSE

Column 1: Description of Adjustment.

Line 1 - Trade, Quantity, Time and Other Discounts on Purchases.

Line 2 - Rebates and Refunds of Expenses.

Line 3 - Adjustments Resulting from Transactions with Related Organizations
- Transactions with related parties shall be reduced to the cost of the related party.

Line 4 - Sale of Medical Records and Abstracts - Enter the amount received from the sale of medical records and abstracts and offset amount against the applicable cost center.

Line 5 - Income from the Imposition of Interest, Finance or Penalty Charges
- Enter on this line the amount received from the imposition of interest, finance or penalty charges on overdue receivables. This income shall be used to offset the applicable cost centers.

Line 6 - Sale of Medical and Surgical Supplies to Other than Patients.

Line 7 - Sale of Drugs to Other than Patients

Line 8 - Offset of Investment Income against Interest Expense

Line 9 - Lobbying Expense.

Lines 10-28 - Enter on these lines any additional adjustments to submitted costs to comply with Department for Mental Health and Mental Retardation principles of reimbursement.

SCHEDULE I-1 - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
ADJUSTMENTS TO EXPENSE

Column 2: On each line enter an "A" if the amount in Column 3 is actual cost or a
"B" if the amount in Column 3 is based on revenue received for the item in Column
1.

Column 3: On each line indicate the amount to be adjusted.

Column 4: Indicate the line number on Schedule I that is to be adjusted.

**MEDICAID ANNUAL COST REPORT
COMMUNITY MENTAL HEALTH
SCHEDULE C-1
COST ALLOCATION**

VENDOR NAME: _____

VENDOR NUMBER: _____

PERIOD ENDING: _____

DIRECT SERVICE	DIRECT EXPENSE	PLANT EXPENSE	EMPLOYEE BENEFITS	PATIENT TRANS.	SUB TOTAL	MEDICAL RECORDS	OTHER GEN. SERVICE COSTS	GRANTS OFFSET	TOTAL ALLOWABLE COSTS
10. TARGETED CASE MANAGEMENT (SED-CHILD)	1	2	3	4	5	6	7	8	9
11. TARGETED CASE MANAGEMENT (ADULT)									
12. INTENSIVE IN-HOME									
13. THERAPEUTIC REHABILITATION									
OUTPATIENT CLINIC									
14. INDIVIDUAL - ON SITE									
15. INDIVIDUAL-OFF SITE									
16. GROUP									
17. PSYCHIATRY - ON SITE									
18. PSYCHIATRY - OFF SITE									
PERSONAL CARE									
19. REMOTIVATION									
HOSPITAL									
20. PSYCHIATRY									
21. OTHER PROFESSIONAL									
22. MH/MR									
23. _____									
24. _____									
NON-REIMBURSABLE									
25. GENERAL EMERGENCY SERVICES									
26. AIS/MR									
27. _____									
28. _____									
29. _____									
30. TOTAL									

Transmittal #33
04/01/92

STATISTICAL AND OTHER DATA

PERIOD COVERED: FROM _____ TO: _____

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____
13. _____
14. _____
15. _____
16. _____
17. _____
18. _____
19. _____
20. _____
21. _____
22. _____
23. _____
24. _____
25. _____
26. _____

- TRANSMITTAL #33
04/01/92

MEDICAID ANNUAL COST REPORT COMMUNITY MENTAL HEALTH SCHEDULE D

VENDOR NAME: _____

VENDOR NUMBER: _____ PERIOD ENDING: _____

A STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATIONS

1. In the amounts to be reimbursed by the KMAP Program, as reported on Schedule B, Line 3, are any costs included which are a result of related organization transactions?

☐ YES

☐ NO

2.

SCHEDULE	LINE NO.	ITEM	AMOUNT
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

3. Name and percent of direct or indirect ownership of the related organization.

NAME OF OWNER	NAME OF RELATED ORGANIZATION	PERCENT
_____	_____	_____
_____	_____	_____
_____	_____	_____

B. STATEMENT OF COMPENSATION PAID TO EXECUTIVE DIRECTORS, ADMINISTRATORS AND/OR ASSISTANT ADMINISTRATORS (OTHER THAN OWNERS)

NAME	TITLE	PERCENT OF CUSTOMARY WORK WEEK DEVOTED TO BUSINESS	PERCENT OF PERIOD EMPLOYED	TOTAL COMPENSATION FOR THE PERIOD
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

C. CERTIFICATION BY OFFICER OR DIRECTOR OF THE AGENCY

INTENTIONAL MISREPRESENTATION OR FALSIFICATION OF ANY INFORMATION CONTAINED IN THIS COST REPORT MAY BE PUNISHABLE BY FINE AND/OR IMPRISONMENT UNDER FEDERAL LAW

I HERESY CERTIFY that I have read the above statement and that I have examined the accompanying Comprehensive **Care** Center Cost Report and the Balance Sheet and Statement of Revenue and Expense prepared by _____

Provider name (s) and number (s) for the cost report beginning _____ and that to the best of my knowledge and belief, it is a true, correct and complete report prepared from the books and records of the provider in accordance with applicable instructions, except as noted.

Signed _____ Officer or Director Title _____ Date _____

STATISTICAL AND OTHER DATA

PERIOD COVERED: FROM _____ TO _____

-TRANSMITTAL #33
04/01/92

SCHEDULE I - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
RECLASSIFICATIONS TO EXPENSE

SCHEDULE I-2 - RECLASSIFICATIONS TO EXPENSE

This schedule provides for the detail to the reclassifications made to the Mental Health/Mental Retardation Cost Center on Schedule B-2 by service. The reclassifications made on this schedule shall reflect proper cost allocation under cost finding.

**SCHEDULES J AND J-1 - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
COST ALLOCATION STATISTICS AND COST ALLOCATIONS**

SCHEDULES J AND J-1 - COST ALLOCATION STATISTICS AND COST ALLOCATIONS

Schedules J and J-1 provide for simplified cost finding. All general service costs (overhead cost) that cannot be directly assigned or functionally allocated shall be allocated to the direct service and non-reimbursable cost centers using the simplified cost finding methodology on Schedules C and C-1. The total allocated to Mental Health/Mental Retardation shall be allocated to each Mental Health/Mental Retardation direct service using the simplified cost finding on Schedule J and J-1.

Schedule J: This schedule is used to provide the statistics necessary for the allocation of general service costs among the service areas on Schedule J-1.

Column 1: Enter in Column 1, the total square feet of the building and fixtures applicable to the cost center to which plant expense shall be allocated on Lines 1 through 40.

Line 41 is the total of Lines 1 through 40.

Line 42 will contain the total from Line 22, Column 2 from Schedule C-1.

Line 43, the Unit Cost Multiplier amounts on Line 43 are obtained by dividing the amount on Line 42 by the amount on Line 41.

ANNUAL COST REPORT INSTRUCTIONS

COMMUNITY MENTAL HEALTH-MENTAL
RETARDATION CENTER REIMBURSEMENT MANUAL

SCHEDULES J AND J-1 - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
COST ALLOCATION STATISTICS AND COST ALLOCATIONS

Column 2: Enter in Column 2, the gross salaries for each cost center on Lines 1 through 40.

Line 41 is the total of Lines 1 through 40.

Line 42 will contain the total from Line 22, Column 3 from Schedule C-1.

Line 43, the Unit Cost Multiplier amounts on Line 43 are obtained by dividing the amount on Line 42 by the amount on Line 41.

Column 3: Enter in Column 3, the mileage for each cost center on Lines 1 through 40.

Line 41 is the total of Lines 1 through 40.

Line 42 will contain the total from Line 22, Column 4 from Schedule C-1.

Line 43; the Unit Cost Multiplier amounts on Line 43 are obtained by dividing the amount on Line 42 by the amount on Line 41.

Columns 4 and 5: The statistics for Columns 4 and 5 are obtained from Column 5 of Schedule J-1. The statistics in Column 4 of Schedule J will not be filled in for any cost center that should not receive an allocation of Medical Records cost.

Line 41, Columns 4 and 5 is the total of Lines 1 through 40.

Line 42, Column 4 will contain the total from Line 22, Column 6 from Schedule C-1.

Line 42, Column 5 will contain the total from Line 22, Column 7 from Schedule C-1.

Line 43, Columns 4 and 5; the Unit Cost Multiplier amounts on Line 43 are obtained by dividing the amount on Line 42 by the amount on Line 41.

SCHEDULES J AND J-1 - COMMUNITY MENTAL HEALTH/MENTAL RETARDATION SERVICES
COST ALLOCATION STATISTICS AND COST ALLOCATIONS

SCHEDULE J-1 - COST ALLOCATION

Column 1: Enter the direct costs associated with the services listed on lines 1 through 40, Column 6, Schedule I.

Columns 2, 3, and 4: Multiply the Unit Cost Multiplier on Schedule J by the detail on Schedule J. The products shall be entered on the corresponding Line on J-1.

Column 5: The sum of Columns 1, 2, 3, and 4.

Column 6: Multiply the Unit Cost Multiplier on Schedule J, Column 4, by the detail on Schedule J, Column 4.

Column 7: Multiply the Unit Cost Multiplier on Schedule J, Column 5, by the detail on Schedule J, Column 5.

Column 8: Restricted program grant - Enter in Column 8, the amount of grant to be offset for each cost center.

Total costs from Column 9 are carried forward to Column 2 of Schedule H.

Cabinet for Human Resources
Department for Medicaid Services

Summary of Incorporated Material

May 1992

907 KAR 1:045

Payments for mental health center services

1. The Cabinet for Human Resources Title XIX Community Mental Health/Mental Retardation Center Reimbursement Manual specifies the conditions, requirements, limitations, and methods of reimbursement for community mental health/mental retardation center services rendered to Title XIX recipients.
2. There are 118 pages in the manual. 42 pages are being amended by this regulation. The changes are listed below.
3. (a) All existing pages in Part III of the manual have been deleted and replaced by revised Cost Report Schedules.

(b) The changes are being made for clarification and do not represent a change in policy.
4. (a) All existing pages in Part IV of the manual are being deleted and replaced by a revised set of Cost Report instructions.

(b) The changes are being made for clarification and do not represent a change in policy.



CABINET FOR HUMAN RESOURCES
COMMONWEALTH OF KENTUCKY
FRANKFORT 40621-0001

DEPARTMENT FOR MEDICAID SERVICES
"An Equal Opportunity Employer M/F/H"

April 1, 1992

Community Mental Health-
Mental Retardation
Reimbursement Manual
Letter #33

Dear Provider:

The Cost Report instructions have been revised in order to make them easier to understand. Also, schedules have been added to the Cost Report to allow for a breakdown of those costs associated with the programs of the Department for Mental Health and Mental Retardation Services. The order of the sections in the Community Mental Health-Mental Retardation Reimbursement Manual containing the Cost Report and the Cost Report instructions have been reversed.

If further information or clarification is needed, please contact the Division of Reimbursement Operations at (502) 564-5969.

Sincerely,

Roy Butler, Commissioner
Department for Medicaid Services

RB/ts

Enclosures

REMOVE AND RECYCLE

Part III

Entire Section

Part IV

Entire Section

INSERT

Part III

Entire Section, #33, 04/01/92

Part IV

Entire Section, #33, 04/01/92